

OPERATIONS UPDATE

Megan J. Brennan
Chief Operating Officer

February 19, 2013

SERVICE PERFORMANCE TRENDS

- **First-Class Mail**
- **Standard Mail**
- **Periodicals**

TRANSFORMING INFRASTRUCTURE

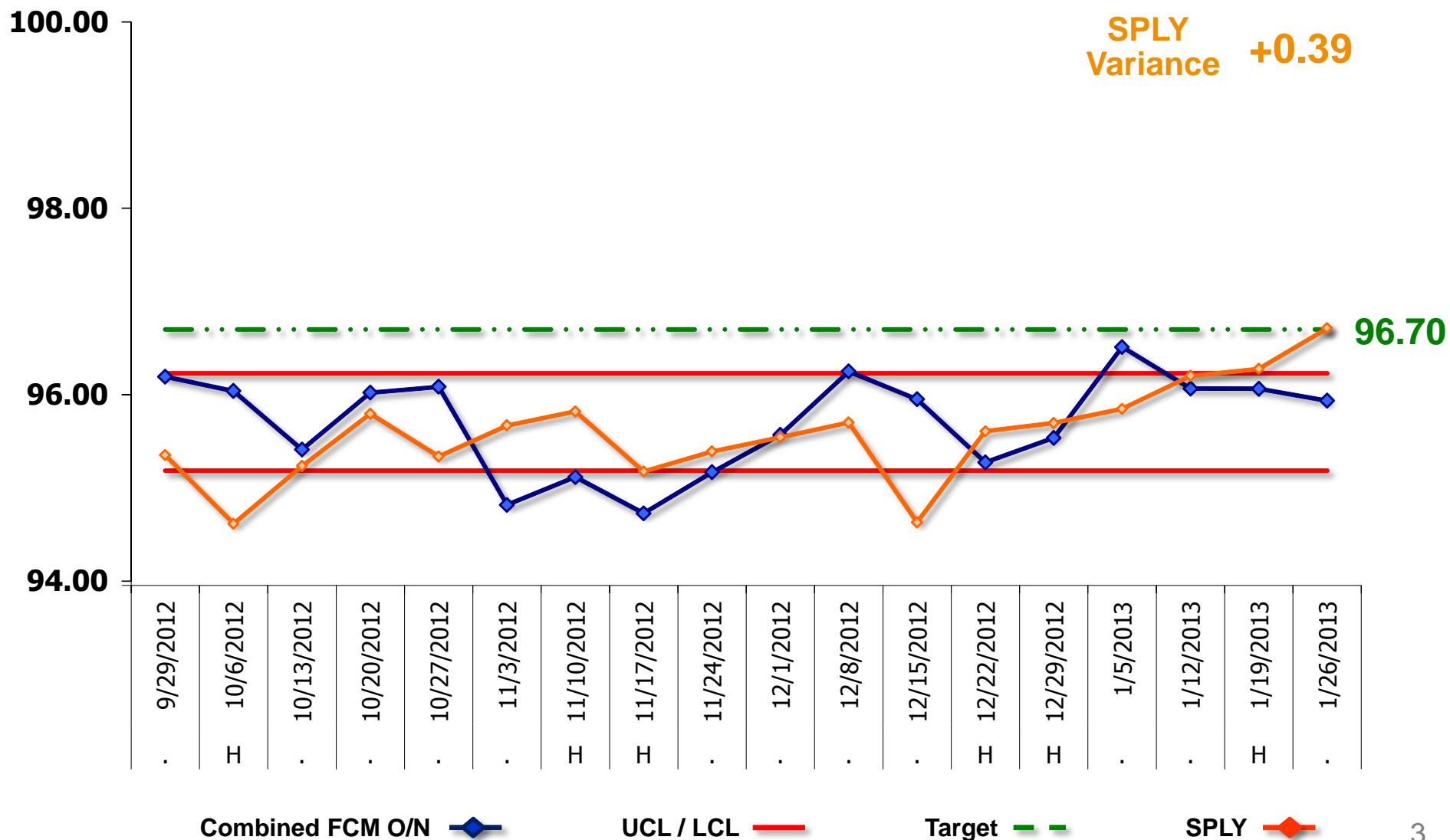
- **Network Rationalization Update**
- **Six Day Package / Five Day Delivery Update**

SERVICE PERFORMANCE

First-Class Mail

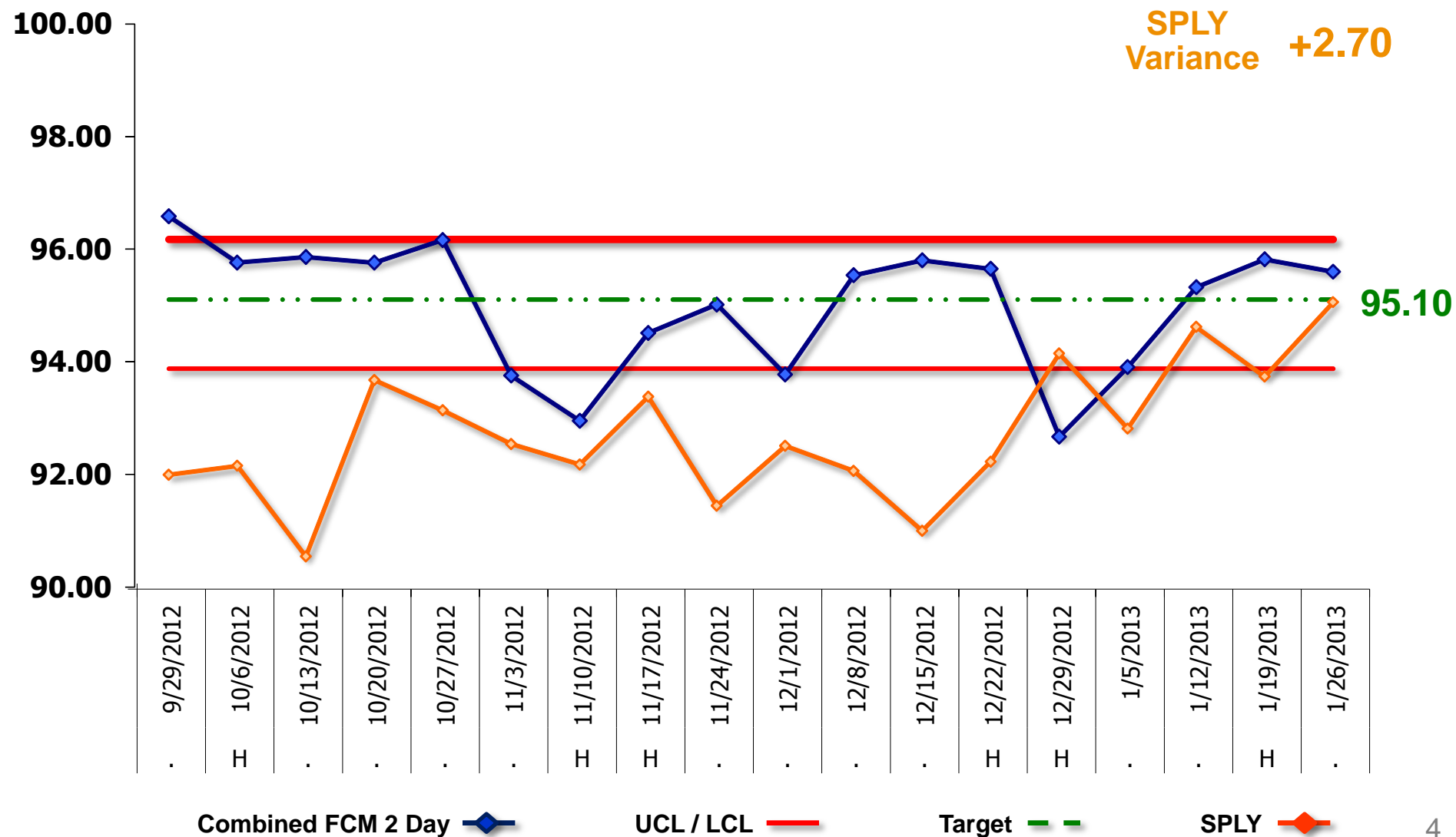
YTD 96.24

**SPLY
Variance +0.39**



YTD 95.71

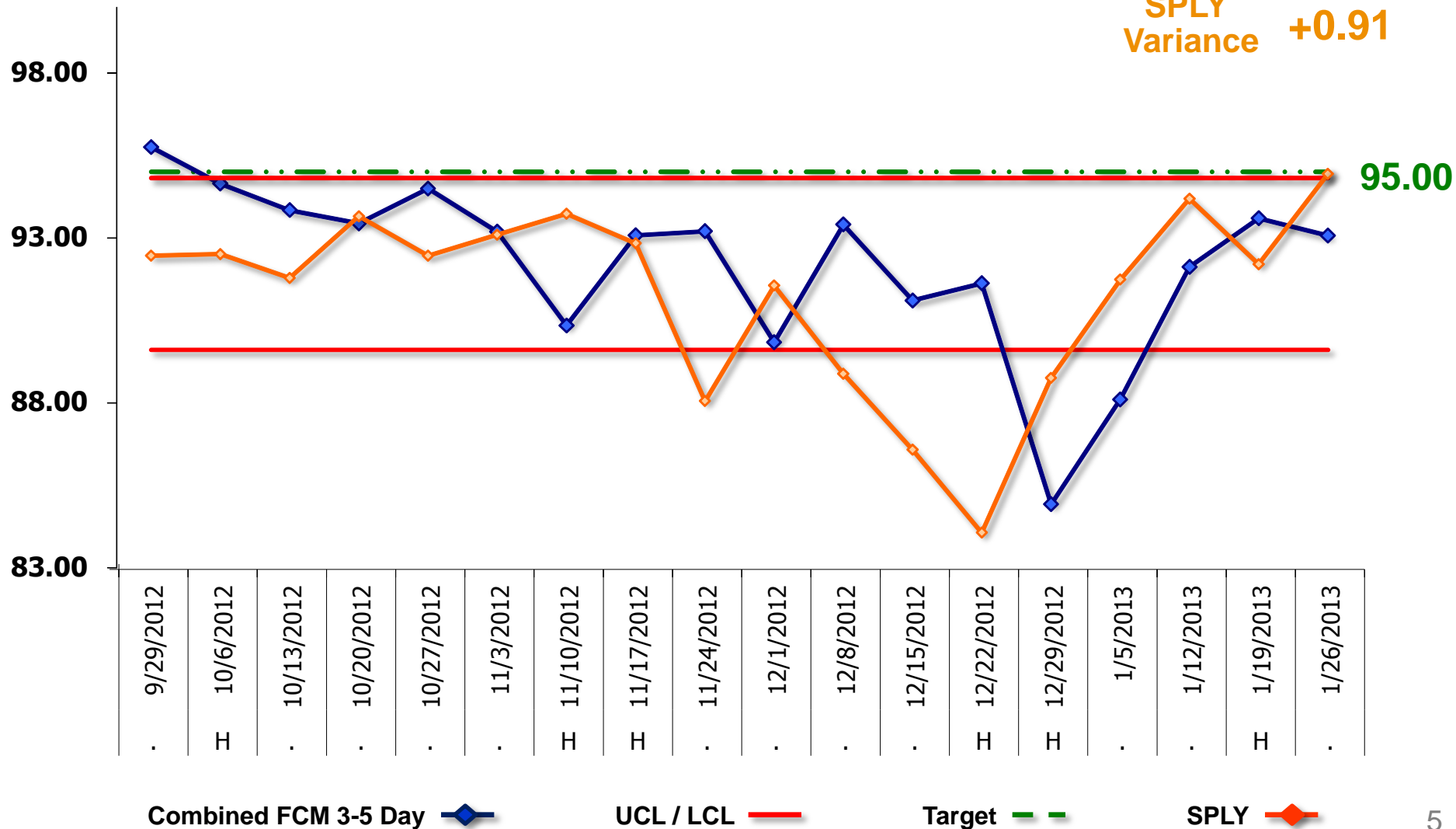
**SPLY
Variance +2.70**



YTD 93.58

**SPLY
Variance +0.91**

95.00

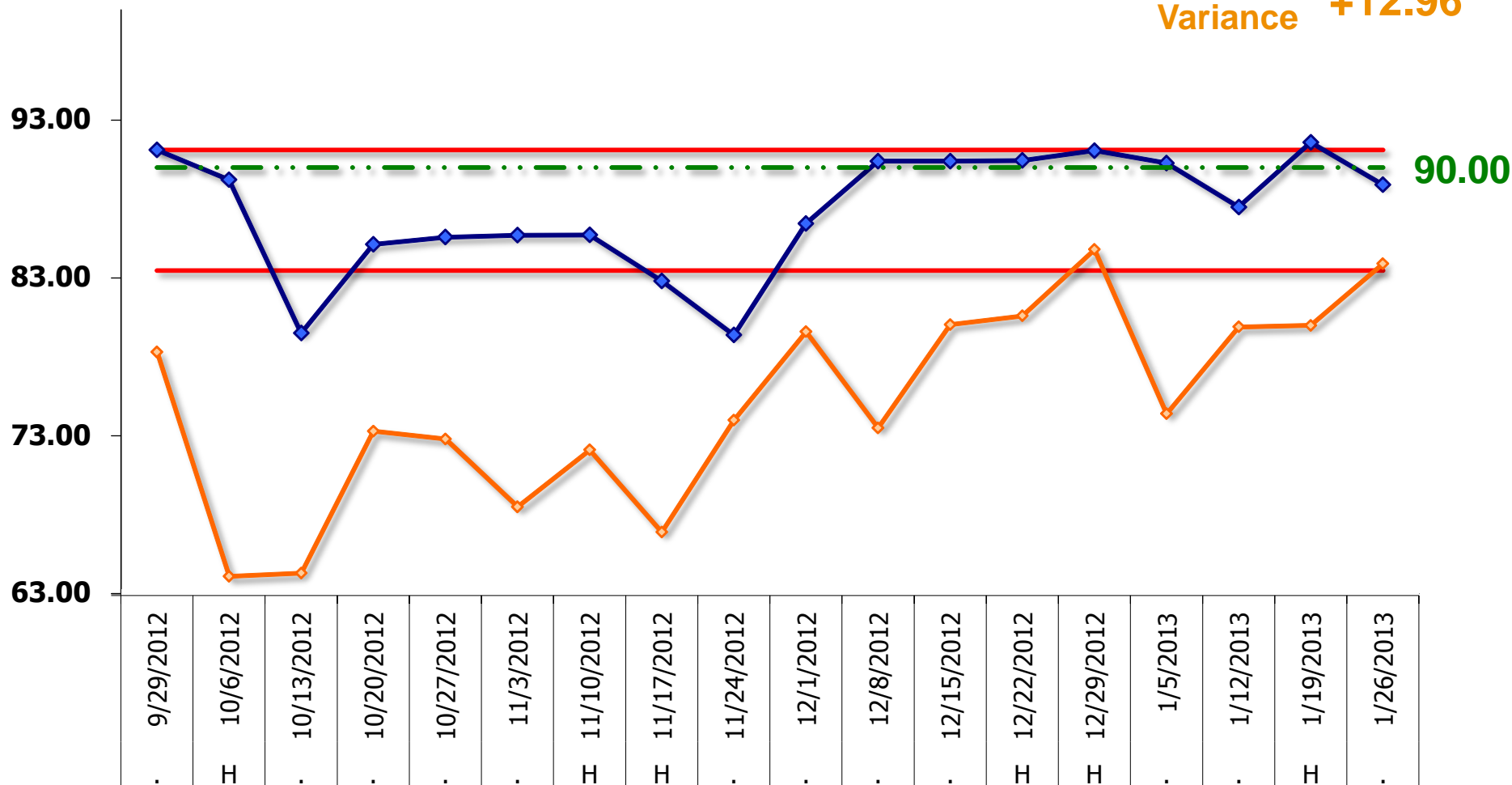


SERVICE PERFORMANCE

Standard Mail

YTD 87.46

**SPLY
Variance +12.96**



Standard SCF Letters 

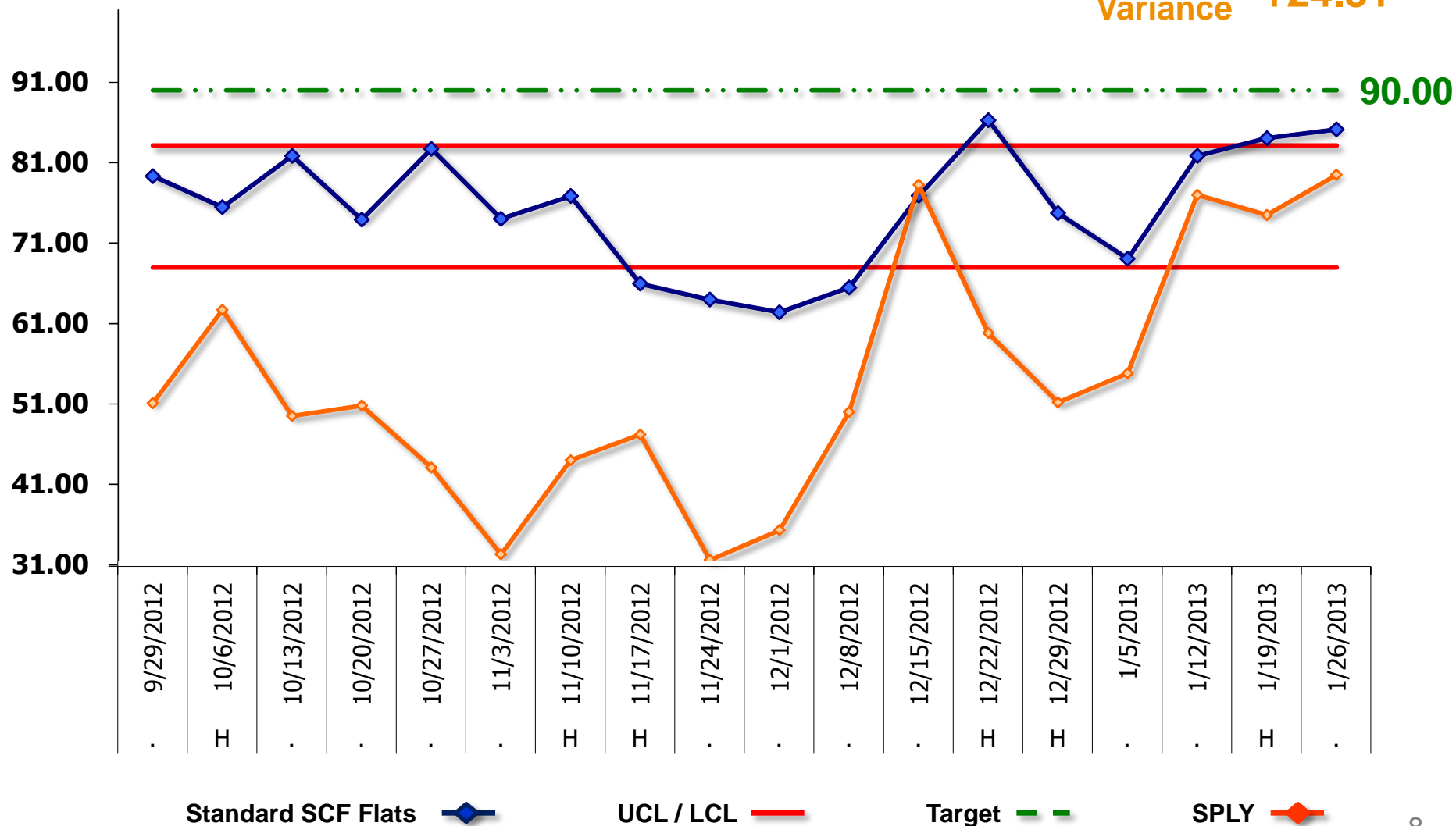
UCL / LCL 

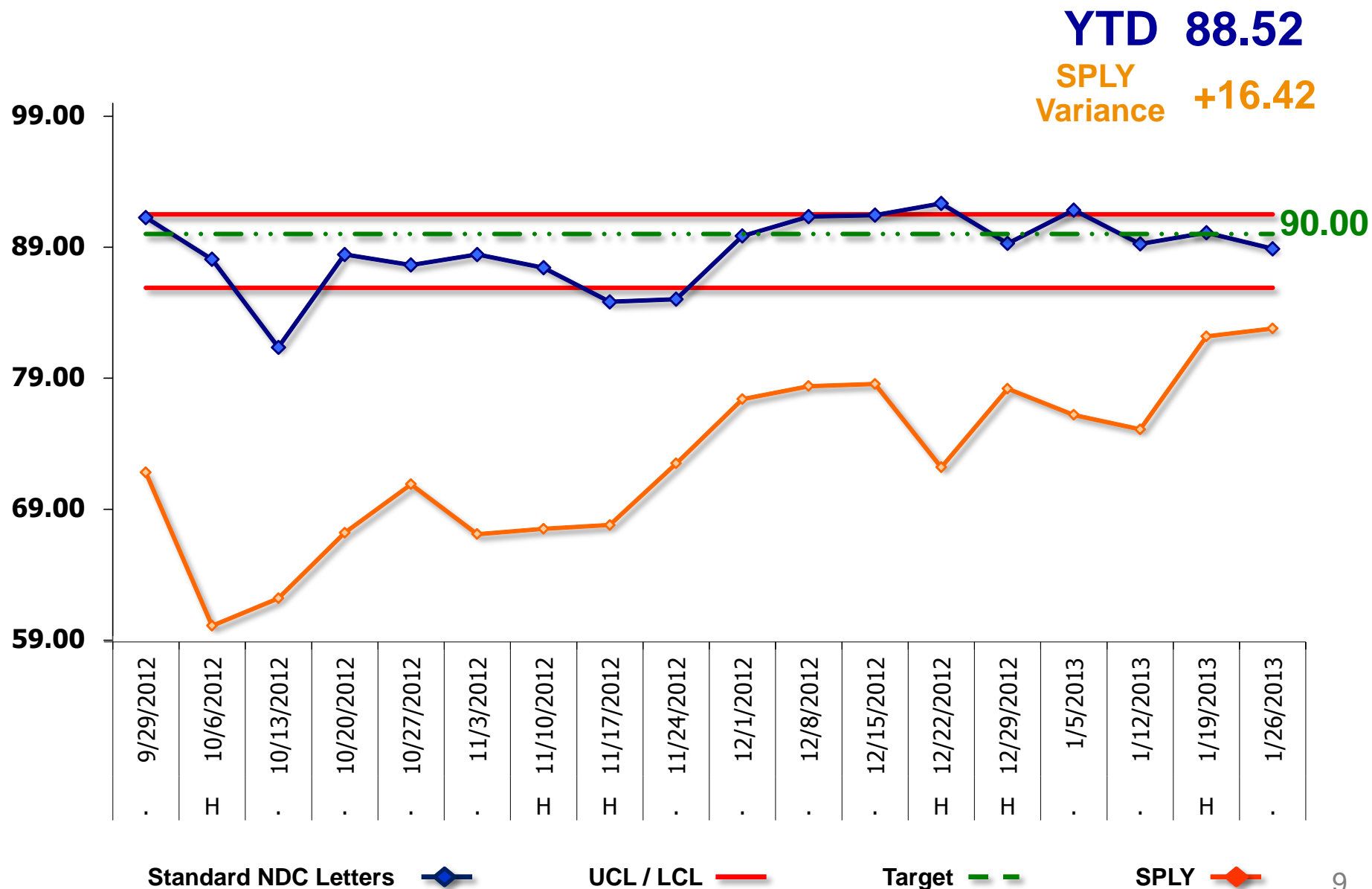
Target 

SPLY 

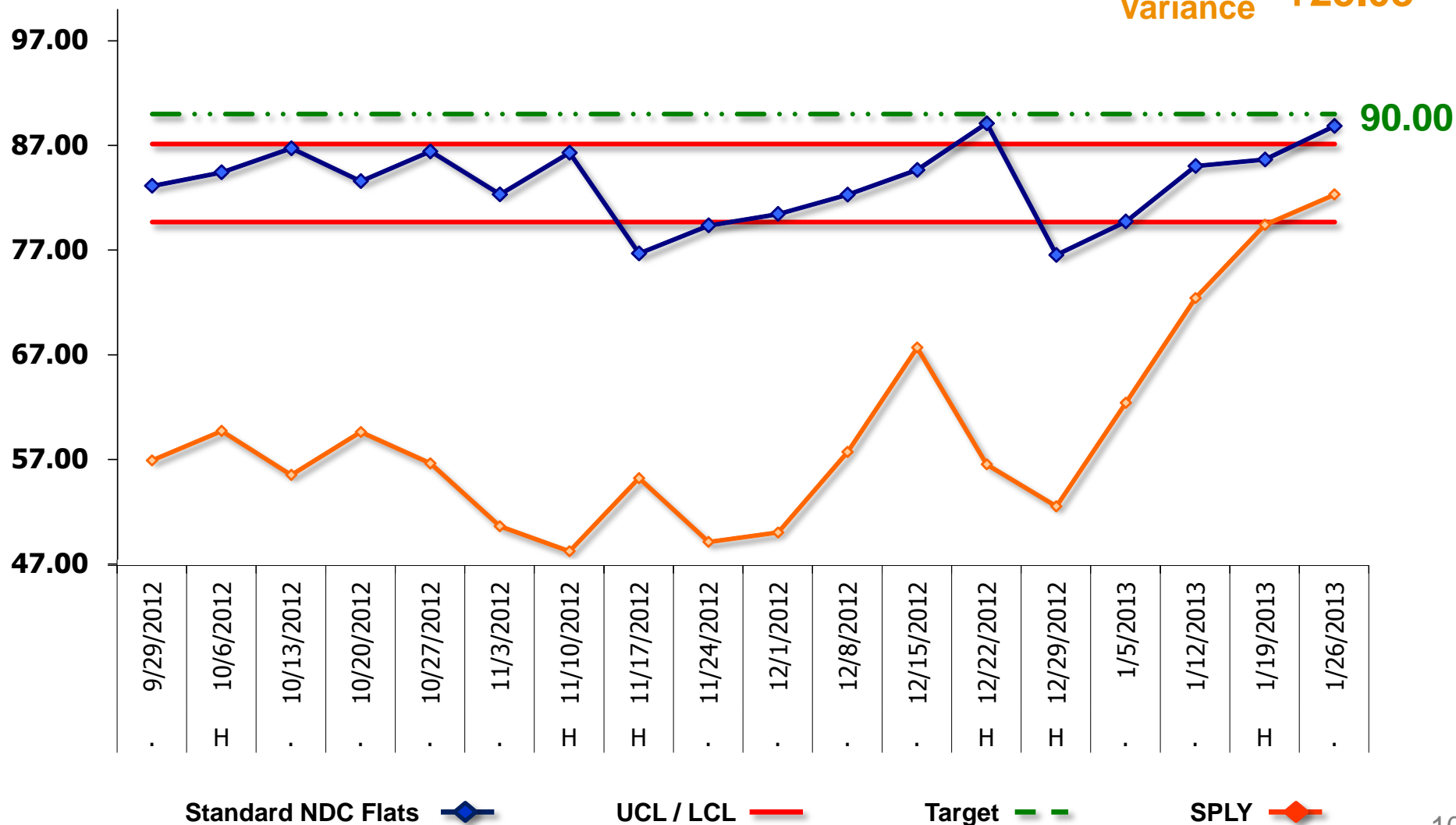
YTD 73.41

**SPLY
Variance +24.31**





YTD 82.68
SPLY
Variance +25.08



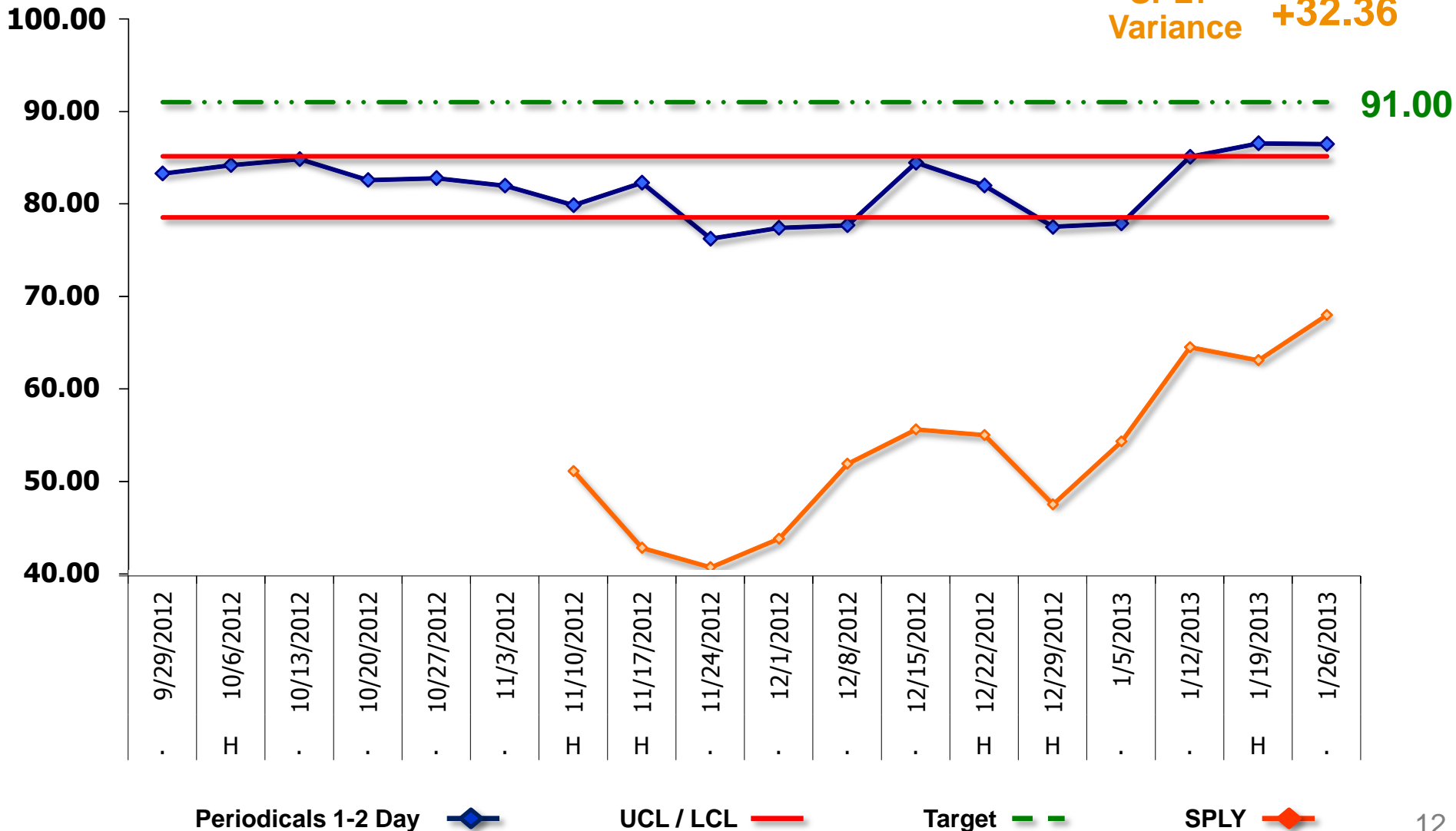
SERVICE PERFORMANCE

Periodicals

YTD 82.26

**SPLY
Variance +32.36**

91.00



- ☐ **Top Impact Facilities – Drive Performance to Target**
- ☐ **Reduce WIP Cycle Time – Keep Mail Moving**
 - Day Zero Processing
 - Identify and Process Mail Based on Actual Entry Time
 - Work to Machine Capacity to Advance Mail
- ☐ **Weekend Processing Plan for Flats**
- ☐ **Flawless Network Consolidation Execution**
- ☐ **FIFO**
 - Scan all Containers

TRANSFORMING INFRASTRUCTURE

Network Rationalization

6 Day Package / 5 Day Mail Delivery

NETWORK RATIONALIZATION

OBJECTIVE

Define and implement an efficient and affordable network and supporting infrastructure that corresponds to reduced volume of mail by adjusting the workforce and disposing of facilities, vehicles, and equipment to support the reduction in network infrastructure.

**Comprised of
Service
Standards
Changes & 2
Phases**

- 1. Service Standard Change – July 1, 2012**
- 2. Phase 1 Consolidation**
 - a. Summer 2012: Phase 1 – August 2012 (completed) – 46 consolidations**
 - b. 2013: Phase 1: Started January 2013**
 - **100 consolidations**
 - **Additional sites potentially accelerated**
- 3. Phase 2 Consolidation**
 - a. 2014: Phase 2: Starts February 2014**

- ☐ **82 Consolidations Planned**
- ☐ **18 Accelerated from 2014**
- ☐ **5 New Consolidations Added**
- ☐ **58 Currently Under Review for Potential Acceleration**

Interim Service Standard Change Effective July 1, 2012

- ➔ Final Rule published in *Federal Register*, May 2012

- ➔ Maintains overnight First-Class Mail service for areas served by local mail processing facility

- ➔ Preserves 80% of overnight First-Class Mail delivery volume

- ➔ Post-2014: Plan revised entry times for overnight

CURRENT NETWORK RATIONALIZATION TIMELINE

2012

2013

2014

Phase 1: Aug. 2012
Complete

Phase 1: 2013
Jan. – July 2013

Phase 2: Feb.
2014

Full	Originating Only	Destinating Only	Total
40	12	48	100

- **Full** – Consolidation of both originating and destinating operations
- **Originating** – Mail that is dropped in a collection box or at the local post office served by that particular processing center.
- **Destinating** – Mail that originated across the country and is destined for addresses serviced by that particular processing center.
- **Consolidations will take place between January and July 2013**

***Number of Consolidations as of Mail Move Plan
published January 25, 2013***

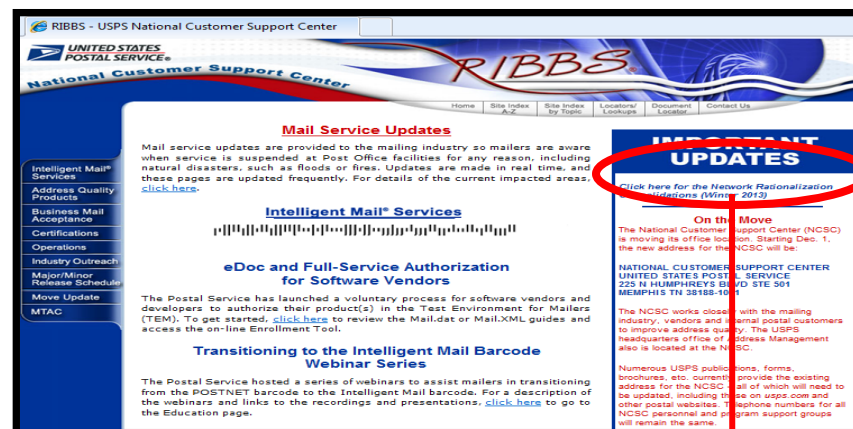
Area	January	February	March	April	May	June	July	August	TBD	Total
Capital Metro	1	9	4	2	0	3	0	0	2	21
Eastern	17	43	0	0	0	28	4	0	0	92
Great Lakes	6	19	2	3	2	14	0	0	0	46
Northeast	10	8	0	3	0	4	0	0	1	26
Pacific	0	0	2	0	4	0	5	0	0	11
Southern	15	90	0	0	0	22	0	0	0	127
Western	14	48	13	0	0	0	38	4	7	124
National Total	63	217	21	8	6	71	47	4	10	447

**Mail move schedules are subject to change. Mail move files updated weekly on RIBBS
Number of individual moves per Mail Move Plan as of January 21, 2013*

Mail Move Plan is updated and posted weekly on RIBBS <https://ribbs.usps.gov>

- Enables mailers to plan consolidation implementation progress

RIBBS




- File provides targeted mail move information, type, and date

Mail Move Plan File

AREA	De-Activation Plant	Mail							Activation Plant
		Originating			Destinating			DPS	
		O-Letter	O-Flat	O-Package	D-Letter	D-Flat	D-Package		
SA	Jonesboro CSMP	1/22/13	1/22/13	1/22/13	1/22/13	2/16/13	2/16/13	1/22/13	Little Rock P&DC
SA	Jonesboro CSMP	2/16/13	2/16/13	2/16/13	2/16/13	2/16/13	2/16/13	2/16/13	Memphis P&DC
WE	Tucson P&DC	2/25/13	2/25/13	N/A	N/A	N/A	N/A	N/A	Phoenix P&DC
PA	Long Beach P&DC	N/A	N/A	N/A	7/1/13	7/1/13	7/1/13	7/1/13	Los Angeles P&DC
PA	Stockton P&DC	N/A	N/A	N/A	5/11/12	3/9/13	3/9/13	5/11/12	West Sacramento P&DC
SA	Gainesville P&DC	2/23/13	2/23/13	2/23/13	N/A	N/A	2/23/13	N/A	Jacksonville P&DC
SA	Panama City P&DC	N/A	N/A	N/A	1/26/13	1/26/13	1/26/13	1/26/13	Pensacola P&DC
SA	South Florida P&DC	N/A	N/A	N/A	2/23/13	N/A	N/A	2/23/13	Miami P&DC
CM	Acworth GA CSMP	N/A	N/A	N/A	N/A	N/A	N/A	6/7/13	Atlanta P&DC
SA	Albany GA CSMP	2/23/13	2/23/13	2/23/13	2/23/13	2/23/13	2/23/13	2/23/13	Tallahassee P&DC
CM	Athens GA P&DC	N/A	N/A	N/A	2/8/13	N/A	N/A	N/A	North Metro P&DC
CM	Atlanta GA P&DC	4/19/13	4/19/13	N/A	N/A	N/A	N/A	N/A	North Metro P&DC
CM	Cartersville GA CSMP	N/A	N/A	N/A	N/A	N/A	N/A	2/22/13	Atlanta P&DC
SA	Columbus GA CSMP	N/A	N/A	N/A	2/23/13	2/23/13	2/23/13	2/23/13	Macon P&DC
CM	Douglasville GA CSMP	N/A	N/A	N/A	N/A	N/A	N/A	2/23/13	Atlanta P&DC
CM	Marietta GA DDC	N/A	N/A	N/A	N/A	N/A	N/A	3/22/13	North Metro P&DC
SA	Savannah P&DC	2/2/13	2/2/13	2/2/13	2/4/13	2/4/13	2/4/13	2/4/13	Charleston P&DC
SA	Savannah P&DC	2/2/13	2/2/13	2/2/13	2/2/13	2/2/13	2/2/13	2/2/13	Macon P&DC
SA	Savannah P&DC	2/2/13	2/2/13	2/2/13	2/2/13	2/2/13	2/2/13	2/2/13	Jacksonville P&DC
GL	Bloomington IL P&DC	N/A	N/A	N/A	2/23/13	2/23/13	2/23/13	2/23/13	Champaign P&DC
GL	Rockford P&DC	N/A	N/A	N/A	1/23/13	1/23/13	1/23/13	1/23/13	Palatine P&DC
GL	Gary P&DC	3/30/13	3/30/13	N/A	N/A	N/A	N/A	N/A	So Suburban P&DC

RIBBS - USPS National Customer Support Center


**UNITED STATES
POSTAL SERVICE®**

National Customer Support Center


RIBBS®

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Mail Service Updates

Mail service updates are provided to the mailing industry so mailers are aware when service is suspended at Post Office facilities for any reason, including natural disasters, such as floods or fires. Updates are made in real time, and these pages are updated frequently. For details of the current impacted areas, [click here](#).

Intelligent Mail® Services



eDoc and Full-Service Authorization for Software Vendors

The Postal Service has launched a voluntary process for software vendors and developers to authorize their product(s) in the Test Environment for Mailers (TEM). To get started, [click here](#) to review the Mail.dat or Mail.XML guides and access the on-line Enrollment Tool.

Transitioning to the Intelligent Mail Barcode Webinar Series

The Postal Service hosted a series of webinars to assist mailers in transitioning from the POSTNET barcode to the Intelligent Mail barcode. For a description of the webinars and links to the recordings and presentations, [click here](#) to go to the Education page.

IMPORTANT UPDATES

[Click here for the Network Rationalization Consolidations \(Winter 2013\)](#)

On the Move

The National Customer Support Center (NCSC) is moving its office location. Starting Dec. 1, the new address for the NCSC will be:

**NATIONAL CUSTOMER SUPPORT CENTER
UNITED STATES POSTAL SERVICE
225 N HUMPHREYS BLVD STE 501
MEMPHIS TN 38188-1001**

The NCSC works closely with the mailing industry, vendors and internal postal customers to improve address quality. The USPS headquarters office of Address Management also is located at the NCSC.

Numerous USPS publications, forms, brochures, etc. currently provide the existing address for the NCSC – all of which will need to be updated, including those on [usps.com](#) and other postal websites. Telephone numbers for all NCSC personnel and program support groups will remain the same.

Intelligent Mail® Services
Address Quality Products
Business Mail Acceptance
Certifications
Operations
Industry Outreach
Major/Minor Release Schedule
Move Update
MTAC

Click on the link for Latest Mail Move Plan

Flawless Execution

Early Warning System

Recovery “Tiger Team”

**Tools &
Processes in
place to
ensure
Seamless
Service
Performance**

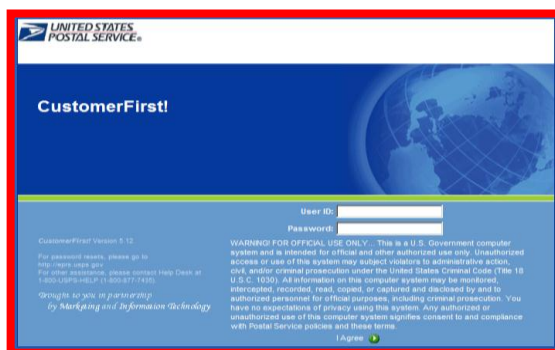
- Early Warning System (EWS) well established
- Mail move plan updated weekly and posted on RIBBS
- Continued communication with the mailing industry
- Site Intervention based on EWS
- Feedback system in place to address customer issues:
 - CustomerFirst! System
 - BSN eService

Available Tools



EWS Reports

- **Daily Monitoring of plant inventory levels**
 - First Class
 - Periodicals
 - Standard Letters
 - Standard Flats
- **Weekly Monitoring of:**
 - Work in Process (WIP) cycle time
 - Pieces processed after clearance time
 - STD on-hand



CustomerFirst! System

- **Business Service Network's (BSN) repository of mailer customer issues**
- **Issues tracked as Service Requests (SR)**
- **SRs handled as open tickets needing resolution in order to be closed**



BSN eService

- **Customer-facing access point for CustomerFirst!**
- **BSN customers can submit electronic inquiries and can learn status of inquiry from web account**
- **Non-BSN customers may contact a local BSN representative by phone or email for support**

- ❑ **Conduct Informational Webinars**
 - Optimization efforts
- ❑ **Industry & Community Meetings on Optimization Initiatives**
 - Remain committed to Area Focus Group process
- ❑ **Distribute Industry & BSN Alerts**
- ❑ **Leverage Websites for Posting Relevant, Timely Information**
 - *Information for Mailers* on usps.com
 - RIBBS
 - Mail Service Updates

Industry Engagement is Imperative

- USPS remains committed to continued information sharing
- Mailers continue planning based on Mail Move plan schedule
- Review Mail Move plan file for up to date information
- Mail Move plan published weekly on the USPS Rapid Information Bulletin Board (RIBBS) at: <https://ribbs.usps.gov>
- Report issues/concerns through available tools

6 DAY PACKAGE / 5 DAY MAIL DELIVERY

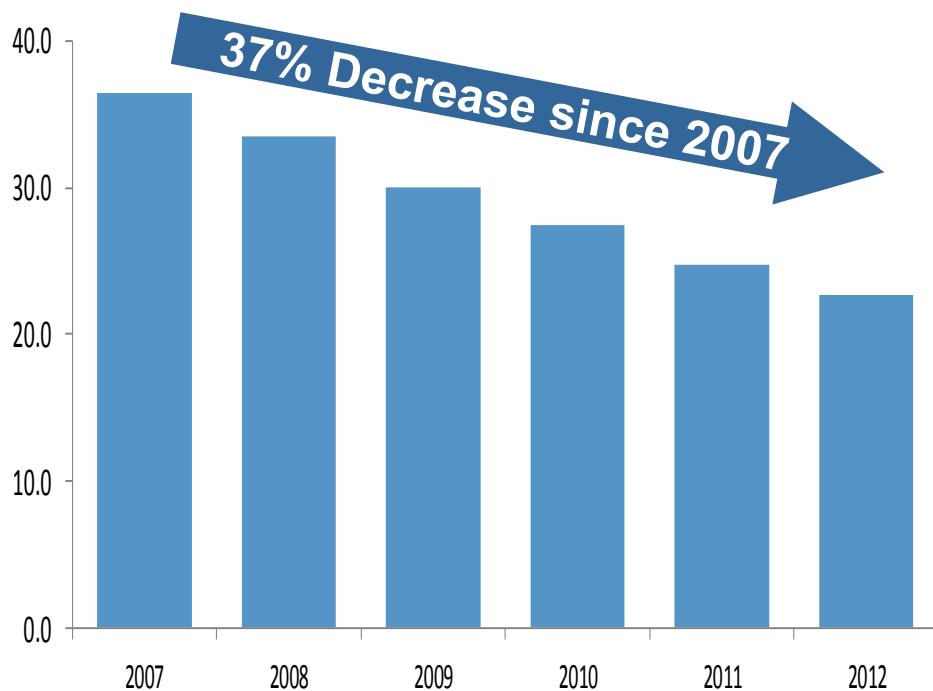


New Delivery Schedule

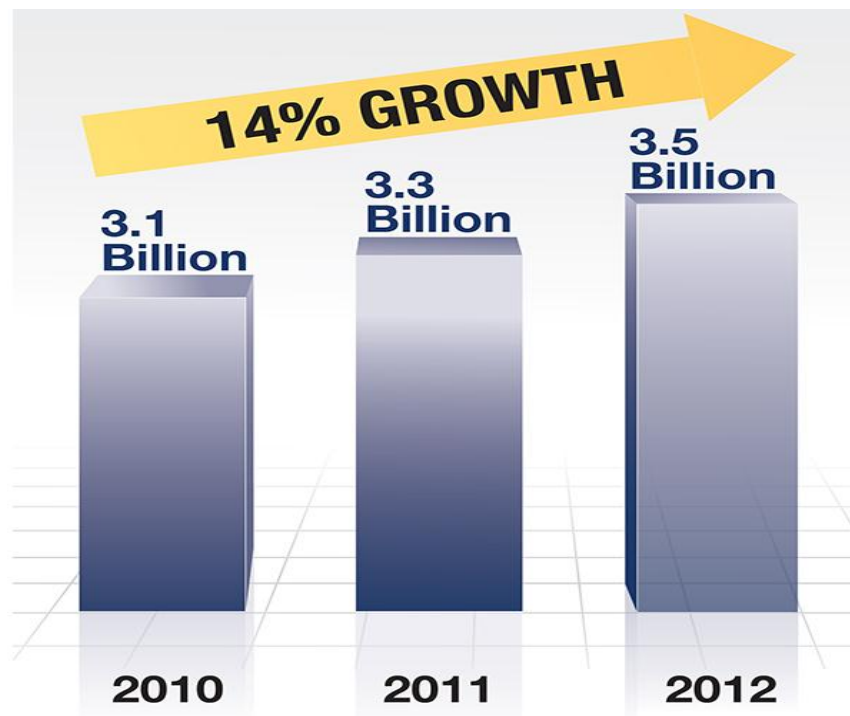
- Six Days of Package Delivery
- Five Days of Mail Delivery
- Begins the Week of August 5, 2013

Adapting to America's Changing Mailing Habits

First-Class, Single-Piece Volumes



Rising Demand for Package Delivery Driven by eCommerce Growth



Ongoing Financial Challenges

- ➔ **\$15.9B loss in FY2012**

- ➔ **\$11.1B default in FY2012 to the United States Treasury for Retiree Health Benefits**

- ➔ **\$15B borrowing authority exhausted**

- ➔ **Liquidity very low**

□ Build on Significant Work Completed in 2009

- Comprehensive Project Plan to Serve as Foundation
- Detailed Task Specific Timelines Exist at the:
 - National Level
 - Area Level
 - District Level

□ Project Management Organization in Place

- Dedicated Resources Identified to Lead Effort
- Cross-Functional Subject Matter Experts
 - HQ and Field

- ☐ **No Saturday Street Address Delivery except Express Mail / Packages**

- ☐ **No Scheduled Weekend Box Collections except Express Mail from Post Offices**

- ☐ **Continue Saturday Post Office Services**
 - Post Offices with current Saturday hours remain open
 - Deliver all mail to P.O. Boxes

- ☐ **Continue 7 Day-a-Week Availability of Remittance Mail that is P.O. Box Addressed**

- ☐ **Continue Saturday Acceptance of Bulk Mail**
 - Post Offices, business mail entry units and detached mail units currently open Saturday and Sunday will remain open and accept mail
 - Incoming drop shipments
 - Facilities now open will remain open and accept mail
 - Destination delivery unit hours reduced to window hours

☐ **Continue to Process Incoming Mail at Plants Monday-Sunday to Support Delivery**

- Street Addresses Monday – Friday
- P.O. Boxes Monday – Saturday
- Remittance Mail Monday – Sunday

☐ **Reduce Mail Transportation between Plants and Post Offices on Saturday**

❑ Eight Core Teams Established

▪ **Delivery Operations**

- City Delivery
- Rural Delivery
- Contract Delivery

▪ **Network Operations**

- Maintenance
- Mail Processing
- Transportation

▪ **Visibility and Technology**

- Engineering Solutions
- Product Information
- Last Mile Technology

▪ **P.O. Operations**

- Retail
- Distribution

❑ **Eight Core Teams Established** (continued)

- **Communications**

- Customer Outreach
- Government Relations

- **I.T. and Financial Systems**

- Payroll Systems
- I.T. Infrastructure

- **Human Resources**

- Complement Management
- Labor Relations

- **Mailing and Shipping Services**

- Consumer and Small Business Management
- Customer Account Management
- Retail Partners and Equipment

□ What Has Changed Since 2009

- Significant Volume Declines
- Automation Improvements / Enhancements
- Now in an FSS Environment
- Employee Mix Changes
 - Increased Flexibility
- **Six Day Package Delivery**

□ **Items That Will Be Delivered on Saturday Include:**

- **Express Mail** (all shapes)
- **Priority Mail** (all shapes)
- **First-Class Mail Parcels** (both retail/single piece and commercial)
- **Standard Post** (formerly Parcel Post)
- **Parcel Select including Parcel Select Lightweight** (formerly Standard fulfillment parcels).

□ Saturday Package Delivery

- Delivery Performed Largely by Non Career Workforce
 - City Carrier Associates
 - Rural Carrier Associates
- Significant Increase in Non Career Flexibility Secured In New NALC Contract
 - National Hiring / Training in Progress
- Saturday Package Delivery Tests Set to Begin
 - Pilot Test – Washington, DC

Dynamic Routing

GPR Enabled Technology



Vehicle Modifications

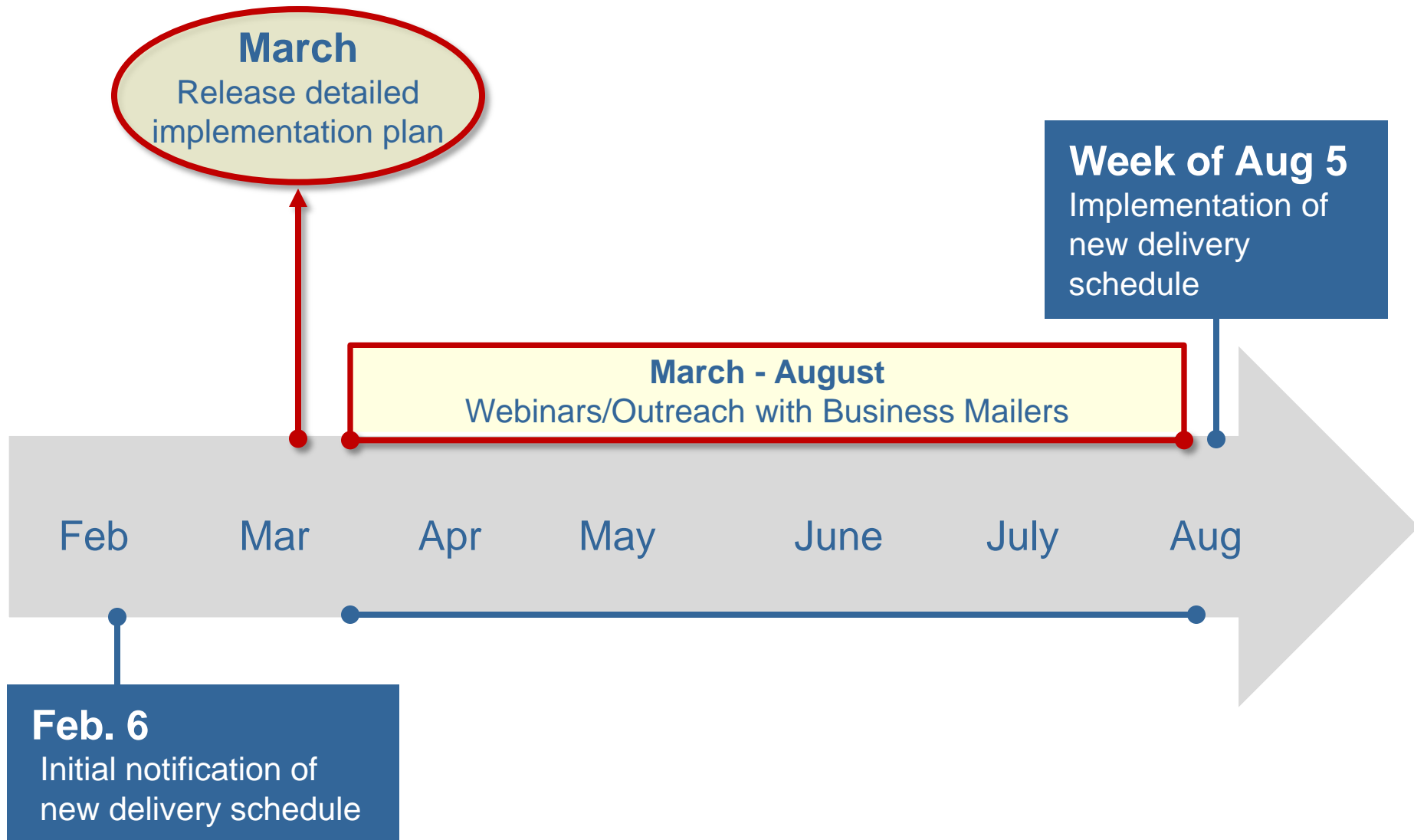
LLV Quadrants for Mail Loading



□ Processing Operations

■ Network Modeling Completed – Sufficient Capacity Exists

- Cancellations are down over 10.6% since 2010 and new equipment with AFCS 200 creates additional capacity for cancelling mail on Monday.
- Sufficient Flat capacity exists.
- Excess capacity on the DBCS machines exists today
- Package capacity requirements relatively unchanged



Our Commitment

Since the Feb 5th Announcement

Business Mailers



- ❑ **Widely Covered Press Briefing**
- ❑ **Three Webinars Conducted**
 - Reaching Over 880 Customers and Industry Stakeholders
 - Information Posted on usps.com
 - IndustryFeedback@usps.com

In the Coming Weeks

- ❑ **As Operational Details are Finalized**
 - Conduct Additional Webinars
 - Post FAQs on usps.com
 - Conduct 2 Workshops at the NPF
 - 6-5 Day Dedicated Website



Thank You

Questions?